



AUSTRALIAN SEAFOOD INDUSTRY COUNCIL

Submission to:

*Senate Select Committee on the Free Trade Agreement
between Australia and the United States of America*

Purpose:

This submission offers comment from the Australian Seafood Industry Council (ASIC) on the Australia-US Free Trade Agreement (FTA). ASIC is the peak representative body for the industry, including all phases of production and post-harvest activity.

Background:

ASIC notes that the Senate Select Committee's Terms of Reference are to examine the agreement; ensure it is in the national interest; and study its impact on Australia's economic, investment, social and environmental policies.

Current trade status and analysis of agreement:

ASIC understands the **United States** currently applies 48 separate tariffs ranging up to 35% on our seafood exported to that market. In addition there are nine rates of duty (expressed in cents per kilogram) imposed by the United States.

The FTA provides for abolition of all tariffs and duties by the United States, effective immediately from the start of the agreement.

The FTA provides for the only **Australian** tariff, 5% on canned tuna, to be abolished.

ASIC expectations:

Flow of benefits: The timing of benefits should be immediate, given that all tariffs go from day one of the agreement

Product impacted: Existing US tariffs are typically applied to Australian seafood which has undergone some degree of value-adding. Fresh, chilled and frozen product has mostly attracted no US tariff. Therefore the potential for growth resulting directly from this FTA will apply to semi-processed or processed Australian seafood, in the main.

Value of benefits: The value will depend on the extent to which individual Australian exporters decide to take up their new opportunities. An early estimate is a benefit of \$20m to \$30m in the first full year of the FTA's operation. It is difficult to calculate a firm figure as the total impact will depend upon assessment of new marketing opportunities into the USA by individual Australian exporters.

Impact on domestic market. Australia's seafood industry remains largely unprotected on the domestic market. This means there will be little in any change to trading conditions on the domestic market as a result of the FTA.

Potential value of USA market:

In recent years the value of Australia's seafood exports to USA has ranged \$160m-\$190m per annum. Latest data released for the ABARE Outlook conference in March this year reveals total exports of fisheries products of \$198m (comprising \$152m edible and \$46m non-edible products).

In 2003 ASIC collaborated with the Department of Agriculture, Fisheries and Forestry to publish a purpose-built guide: “\$A34 billion reasons to access the US seafood market”. This guide shows Australian exports of seafood into the USA market grew 200% (by value) over the period 1995/96 to 2000/01. With the \$A have eased in recent months from a peak of 80c to around 72c US, there may be additional momentum now arising to boost our export prospects into the US market.

The FTA comes at a time when the Gross Value of Australian Seafood production has eased in the last financial year from \$2.41b to \$2.3b. This loss can be explained by temporary falls in sales to Asian markets impacted by SARS (estimated \$100m in the final quarter of 2002-03) alone. Therefore the industry has held ground against the rising Australian dollar and softening commodity markets in some countries. However industry continues to seek to maximise its sales efforts and therefore any new opportunity to increase export volumes and values will be carefully assessed by our exporters.

The FTA is therefore a timely aid to the export prospects for Australian seafood.

Recommendation:

ASIC recommends that the FTA as it applies to seafood be given passage through the Australian Parliament at the earliest opportunity.

ASIC further recommends that Australia’s Parliament and Government, in partnership with the seafood industry, seek to encourage the US Congress to also endorse the FTA at the earliest opportunity.

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